

# Inside Edge<sup>SM</sup> Mutual Fund Program

A retirement savings program with 90 no-load mutual funds and a fixed annuity

The fixed annuity is issued and guaranteed by The Variable Annuity Life Insurance Company

SAVING : INVESTING : PLANNING

## Quarterly Performance Results

Investment Options		Average Annual Return as of September 30, 2008						
	Fund Name	Ticker Symbol	1-Year Return	3-Year Return	5-Year Return	10-Year Return	Since Inception	Inception Date
FOREIGN SMALL/ MID GROWTH	International Small Cap Equity (AIG Investments)	VISEX	-33.35%	0.10%	9.89%	5.69%	5.87%	09/21/98
	Invesco Aim Developing Markets I	GTDIX	-32.01%	10.19%	20.04%	13.34%	13.35%	10/25/05
DIVERSIFIED EMERGING MARKETS	Fidelity Advisor Emerging Market A	FAMKX	-35.43%	8.87%	N/A	N/A	15.11%	03/29/04
	International Growth I (American Century/ Invesco Aim/MFS)	VCINX	-27.85%	3.86%	9.75%	N/A	0.62%	12/08/00
FOREIGN LARGE GROWTH	Invesco Aim International Growth I	AIEVX	-27.53%	5.03%	12.92%	5.94%	8.97%	03/15/02
	International Equity (AIG Investments)	VCIEIX	-30.71%	0.69%	8.59%	3.48%	3.30%	10/02/89
FOREIGN LARGE BLEND	American Funds EuroPac R4	REREX	-25.40%	4.53%	12.01%	8.99%	9.51%	06/07/02
	Fidelity Advisor International Disc A	FAIDX	-30.14%	2.52%	10.88%	8.80%	6.00%	01/06/05
	Dreyfus International Stock Index	DIISX	-29.36%	1.30%	9.62%	4.41%	2.92%	06/30/97
FOREIGN LARGE VALUE	Foreign Value (Franklin Templeton)	VCFVX	-26.79%	N/A	N/A	N/A	-0.05%	12/05/05
	JPMorgan InVal A	JFEAX	-30.23%	3.11%	12.84%	5.91%	9.55%	09/28/01
WORLD STOCK	Global Equity (Putnam)	VCGEX	-32.85%	N/A	N/A	N/A	-1.61%	12/05/05
	American Funds CapWrldGI R4	RWIEIX	-23.50%	4.65%	11.53%	10.54%	11.44%	06/27/02
	Mutual Discovery A	TEDIX	-17.07%	5.67%	12.03%	11.19%	10.64%	11/01/96
SPECIALTY - REAL ESTATE	AmCent Real Estate Inv	REACX	-12.37%	5.99%	13.45%	13.25%	13.61%	09/21/95
	Real Estate Fund (Invesco Aim/Goldman Sachs)	VGREX	N/A	N/A	N/A	N/A	N/A	04/07/08
SPECIALTY - TECHNOLOGY	Science & Tech (T.Rowe Price, RCM Dresdner, Wellington)	VCSTX	-27.38%	-2.11%	1.94%	0.04%	5.90%	04/29/94
SPECIALTY - NATURAL RESOURCES	Invesco Aim Energy Inst	IENIX	-11.48%	8.71%	25.57%	18.61%	4.79%	01/31/06
SPECIALTY - HEALTH	Health Sciences (T.Rowe Price)	VCHSX	-9.78%	5.20%	9.65%	N/A	3.64%	11/01/00
SPECIALTY - PRECIOUS METALS	Oppenheimer Gold & SpecA	OPGSX	-30.68%	14.05%	15.84%	15.73%	7.93%	07/19/83
SMALL GROWTH	Small Cap Aggressive Growth (Wells Capital)	VSAGX	-19.29%	N/A	N/A	N/A	-0.74%	12/05/05
	Small Mid Growth (Evergreen)	VSSGX	-22.52%	N/A	N/A	N/A	-5.88%	12/05/05
	Small Cap Growth (JP Morgan)	VASMIX	-27.25%	-3.96%	3.37%	2.22%	3.19%	09/01/98
	Fidelity Adv Small Cap A	FSCDX	-10.47%	2.40%	10.45%	11.41%	11.53%	09/09/98
	American Century New Opp II Inv	ANOIX	-24.04%	3.19%	9.00%	N/A	6.51%	06/01/01
SMALL BLEND	Small Cap (Invesco Aim, Bridgeway, T.Rowe Price)	VCSMX	-17.73%	-3.21%	5.46%	N/A	1.12%	12/08/00
	Small Cap Index (AIG Investments)	VCSLX	-14.65%	1.57%	7.84%	7.50%	8.70%	05/01/92
	Oppenheimer Main St Sm A	OPMSX	-19.62%	-0.31%	7.70%	N/A	10.41%	08/02/99
SMALL VALUE	Small Cap Special Value (Evergreen, Putnam)	VSSVX	-18.58%	N/A	N/A	N/A	-2.21%	12/05/05
	Small Cap Value (JP Morgan)	VCSVX	-12.71%	1.74%	8.87%	8.26%	8.63%	09/01/98
	Allianz NFJ Small Cap Value A	PCVAX	-10.41%	4.75%	12.70%	12.22%	11.02%	01/20/97
	Franklin Small Cap Value A	FRVLX	-13.60%	1.98%	10.94%	9.89%	9.23%	03/11/96
MID-CAP GROWTH	Mid Cap Strategic Growth (Brazos, Morgan Stanley)	VMSGX	-26.38%	0.22%	N/A	N/A	3.11%	12/20/04
	Mid Cap Growth (Invesco Aim Cap Mgmt)	VAMGX	-28.96%	-0.60%	6.27%	0.78%	1.49%	09/01/98
	AmCent Vista Inv	TWCVX	-27.99%	1.78%	8.42%	10.25%	9.63%	11/25/83
	Dreyfus Founders MidCap A	FRSDX	-28.40%	1.67%	8.60%	3.52%	-2.22%	12/31/99
	Munder Mid-Cap Core Gr A	MGOAX	-24.58%	0.74%	9.49%	12.25%	6.25%	06/30/00
MID-CAP BLEND	Mid Cap Index (AIG Investments)	VMIDX	-16.79%	1.53%	8.34%	9.95%	11.68%	10/01/91
	Fidelity Adv LevCo Stk A	FLSAX	-27.59%	1.14%	12.37%	N/A	15.32%	12/27/00

# Inside Edge Mutual Fund Program

## Quarterly Performance Results (continued)

Investment Options		Average Annual Return as of September 30, 2008						
	Fund Name	Ticker Symbol	1-Year Return	3-Year Return	5-Year Return	10-Year Return	Since Inception	Inception Date
MID-CAP VALUE	Mid Cap Value (Wellington, FAF Advisors)	VMCVX	-27.78%	-1.03%	6.52%	13.45%	14.00%	09/01/98
	Pioneer Mid Cap Value A	PCGRX	-20.13%	0.58%	8.51%	9.44%	11.27%	07/25/90
	Artisan Mid Cap Value	ARTQX	-11.16%	2.91%	12.65%	N/A	11.31%	03/28/01
	Columbia Mid Cap Value A	CMUAX	-21.62%	1.35%	10.19%	N/A	8.64%	11/20/01
LARGE GROWTH	Blue Chip Growth (T.Rowe Price)	VCBCX	-24.83%	-0.52%	4.01%	N/A	-1.95%	11/01/00
	Large Capital Growth Fund (Invesco Aim, AIG Sun America)	VLCGX	-20.28%	0.04%	N/A	N/A	0.77%	12/20/04
	Growth Fund (American Century)	VCULX	-17.55%	N/A	N/A	N/A	-3.40%	12/05/05
	Capital Appreciation (Bridgeway)	VCCAX	-23.58%	-0.58%	3.28%	-0.30%	-0.40%	09/01/98
	American Funds Growth Fund R4	RGAX	-22.93%	0.78%	6.92%	8.47%	5.33%	05/28/02
	Janus Adviser Forty S	JARTX	-19.96%	4.34%	10.43%	8.16%	10.88%	05/01/97
	Amer Funds New Econ R4	RNGEX	-27.78%	0.73%	6.08%	4.23%	9.46%	07/25/02
NASDAQ INDEX	NASDAQ-100 Index (AIG Investments)	VCNIX	-23.65%	-0.17%	4.02%	N/A	-9.62%	10/02/00
LARGE BLEND	Core Equity (Blackrock)	VCCEX	-22.63%	-2.35%	2.75%	0.99%	5.61%	04/29/94
	Growth & Income (AIG SunAmerica)	VCGAX	-21.35%	0.72%	4.96%	2.94%	6.54%	04/29/94
	Large Cap Core (Evergreen)	VLCCX	-16.65%	N/A	N/A	N/A	1.25%	12/05/05
	Amer Funds Fundamen R4	RFNEX	-22.16%	2.94%	9.45%	7.16%	10.41%	07/25/02
	Pioneer A	PIODX	-19.73%	1.74%	6.57%	4.30%	12.04%	02/10/28
	AIM Charter I	CHTVX	-12.42%	5.08%	7.66%	4.41%	8.19%	07/30/91
	Davis NY Venture A	NYVTX	-22.17%	-0.07%	6.61%	6.17%	12.30%	02/17/69
S&P 500 INDEX	Stock Index (AIG Investments)	VSTIX	-22.22%	-0.11%	4.82%	2.70%	8.52%	04/20/87
SOCIALLY RESPONSIBLE	Global Social Awareness (AIG Investments)	VCISOX	-24.53%	-0.91%	3.80%	2.03%	7.81%	10/02/89
	Socially Responsible (AIG Investments)	VCSRX	-20.22%	0.93%	4.85%	2.56%	3.12%	09/01/98
	Neuberger Ber Socially Responsible Tr	NBSTX	-18.39%	1.45%	7.17%	5.90%	6.26%	03/03/97
LARGE VALUE	Broad Cap Value Income (Barrow Hanley)	VBCVX	-21.81%	N/A	N/A	N/A	-1.38%	12/05/05
	Core Value (American Century)	VCIGX	-23.49%	-1.65%	4.85%	N/A	0.56%	12/08/00
	Value (Oppenheimer)	VAVAX	-26.31%	-0.76%	6.46%	N/A	3.08%	12/31/01
	Large Cap Value (SSgA)	VACVX	-24.07%	-0.34%	6.09%	5.65%	6.23%	09/01/98
	Pioneer Cullen Value A	CVFCX	-18.15%	1.97%	9.93%	N/A	8.11%	07/03/00
	Dreyfus Prem Strat Value I	DRGVX	-21.35%	2.04%	8.22%	7.46%	4.40%	05/31/01
	Mutual Beacon A	TEBIX	-23.73%	-0.35%	6.36%	8.13%	8.28%	11/01/96
LIFECYCLE FUNDS	Aggressive Growth Lifestyle (AIG Investments)	VAGLX	-20.73%	1.90%	7.53%	5.37%	5.44%	09/21/98
	Moderate Growth Lifestyle (AIG Investments)	VMGLX	-16.27%	1.80%	6.09%	5.77%	6.05%	09/01/98
	Conservative Growth Lifestyle (AIG Investments)	VCGLX	-12.06%	2.04%	5.04%	5.69%	5.98%	09/01/98
TARGET MATURITY	T. Rowe Price Rmtt 2010 A	PARAX	-15.16%	1.69%	5.73%	N/A	4.98%	10/31/03
	T. Rowe Price Rtm 2020 Ad	PARBX	-19.44%	1.00%	6.00%	N/A	5.13%	10/31/03
	T. Rowe Price Rtm 2030 Ad	PARCX	-22.32%	0.64%	6.39%	N/A	5.37%	10/31/03
	T. Rowe Price Rtm 2040 Ad	PARDX	-23.01%	0.38%	6.23%	N/A	5.19%	10/31/03
BALANCED	Asset Allocation (AIG Investments)	VCAAX	-13.98%	1.84%	4.70%	3.93%	7.25%	09/06/83
	Global Strategy (Franklin Templeton)	VGLSX	-13.36%	N/A	N/A	N/A	5.84%	12/05/05
	American Funds Income Fund R4	RIDEX	-18.87%	1.63%	6.22%	6.27%	6.39%	06/27/02
	Franklin Income A	FKINX	-21.36%	-0.51%	4.67%	6.35%	10.47%	08/31/48
WORLD BOND	International Government Bond (AIG Investments)	VCIFX	0.15%	3.99%	5.41%	4.89%	6.39%	10/01/91
HIGH YIELD BOND	High Yield Bond (AIG Investments)	VCHYX	-11.07%	1.20%	6.29%	5.70%	5.75%	09/01/98
MULTISECTOR BOND	Strategic Bond (AIG Investments)	VCSBX	-4.80%	2.57%	5.23%	6.62%	6.82%	09/01/98
INTERMEDIATE - TERM BOND	Capital Conservation (AIG Investments)	VCCCX	-2.00%	1.76%	2.18%	4.19%	5.69%	01/16/86
	Core Bond (AIG Investments)	VCCBX	-1.77%	1.88%	2.49%	3.96%	4.18%	09/01/98
	PIMCO Total Ret A	PTTAX	3.28%	3.92%	3.82%	5.26%	6.15%	01/13/97
INFLATION - PROTECTED BOND	Inflation Protected (AIG Investments)	VCTPX	1.06%	1.70%	N/A	N/A	2.09%	12/20/04
INTERMEDIATE GOVERNMENT	Government Securities (AIG Investments)	VCGSX	6.55%	4.65%	3.76%	4.81%	6.13%	01/16/86
SHORT-TERM BOND	PIMCO Low Duration A	PTLAX	-0.54%	2.64%	2.11%	3.80%	4.39%	01/13/97

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Investment Options		Average Annual Return as of September 30, 2008						
	Fund Name	Ticker Symbol	1-Year Return	3-Year Return	5-Year Return	10-Year Return	Since Inception	Inception Date
MONEY MARKET	Money Market I (AIG SunAmerica)	VCIXX	2.90%	3.80%	2.82%	3.14%	4.46%	01/16/86
	7-day current yield at 09/30/08: 0.81%							
STABLE VALUE	AIG Retirement Fixed Option*	FIXED	0.00%	1.98%	2.18%	3.85%	6.92%	04/01/82

**An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.**

\* Policy Form IFA-406, a fixed annuity issued and guaranteed by The Variable Annuity Life Insurance Company, Houston, Texas. The Variable Annuity Life Insurance Company Long-Term Fixed Annuity product did not exist in these time periods. However, current rate-setting methodology has been used to derive rates that would have been applicable in the time periods had the product been available.

The performance data quoted represents past performance. Current performance may be higher or lower than the performance stated due to recent market volatility. Past performance does not guarantee future results. Investment return and principal value will fluctuate so an investor's shares, when redeemed, may be worth more or less than their original cost. Please visit [www.aigretirement.com](http://www.aigretirement.com) for month-end performance.

Performance data prior to the inception date of the new class of funds is hypothetical and reflects the historical returns of an existing share class at net asset value adjusted to reflect the additional 12b-1 fees relating to the new class of funds.

Mutual funds are classified according to Morningstar. Several of these funds' returns were achieved during favorable market conditions. There can be no assurance that the funds will continue to achieve substantially similar performance as they previously experienced.

Generally, higher potential returns involve greater risk and short-term volatility. For example, small-cap, mid-cap, sector and emerging funds can experience significant price fluctuation due to business risks and adverse political developments. International (global) and foreign funds can experience price fluctuation due to changing market conditions, currency values, and economic and political climates. High-yield bond funds, which invest in bonds that have lower ratings, typically experience price fluctuation and a greater risk of loss of principal and income than when investing directly in U.S. government securities such as U.S. Treasury bonds and bills, which are guaranteed by the government for repayment of principal and interest if held to maturity. Investors should carefully assess the risks associated with an investment in the fund. Fund shares are not insured and are not backed by the U.S. government, and their value and yield will vary with market conditions.

For the Fixed Annuity, The Variable Annuity Life Insurance Company declares a new interest rate at the beginning of each month. The Variable Annuity Life Insurance Company guarantees that all new contributions received and deposited during that month will earn that month's interest rate for the remainder of that calendar year. Current practice (which is not guaranteed) is that each month's contributions will continue to earn that month's current interest rate for one additional calendar year. Thereafter, The Variable Annuity Life Insurance Company will consolidate these amounts with amounts credited during earlier periods. The consolidated amounts will earn interest at a rate declared each January 1 and guaranteed for the remainder of the calendar year. The consolidated current rate is referred to as the "pool rate." Interest-crediting policy and practices are subject to change. However, any changes made will not reduce the current annual interest rate below the contractual minimum guarantee. Amounts already credited will not be reduced. Please see your contract or prospectus for more information.

All guarantees are backed by the claims-paying ability of The Variable Annuity Life Insurance Company.

Retirement accounts are intended to be long-term investments. Income taxes are payable upon withdrawal.

Federal restrictions and a 10% tax penalty can apply to withdrawals prior to age 59½.

**To obtain prospectuses for the mutual funds in this program, visit [www.aigretirement.com](http://www.aigretirement.com) or call 1-800-448-2542. The prospectuses contain the investment objectives, risks, charges, expenses and other information about the investment company that you should consider carefully before investing. Please read the prospectus carefully before investing or sending money.**

**Annuity contracts are issued by The Variable Annuity Life Insurance Company. Annuities and mutual funds offered by AIG Retirement are distributed by its affiliate, American General Distributors, Inc., 2929 Allen Parkway, Houston, Texas 77019, member FINRA.**

AIG Retirement is the marketing name for the group of companies comprising AIG Retirement Advisors, Inc.; AIG Retirement Services Company; and The Variable Annuity Life Insurance Company; each of which is a subsidiary of American International Group, Inc.

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